

STATE OF WASHINGTON



**OFFICE OF
INSURANCE COMMISSIONER**

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

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Disclosure Officer, Steve Carlsberg, 360-586-0691, or by e-mail: stevec@oic.wa.gov.

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF WASHINGTON

In the Matter of)	No. D 2000 - 57
Reliance National Insurance Company,)	CONSENT AND ORDER LEVYING A FINE
Authorized Insurer)	

FINDINGS OF FACT:

1. Reliance National Insurance Company ("Reliance") issued policy no. A53 4948448 00 to cover a personal automobile. During the term of that policy, on October 8, 1998, the covered automobile was involved in an accident while being driven by someone other than the insured ("Driver"). The insured notified Reliance of the incident on or about October 8, 1998
2. On or about November 24, 1998, Reliance took the recorded statement of the insured, in which the insured stated that Driver drove the insured vehicle three or four times a month.
3. In a letter dated November 18, 1998, Reliance notified the insured that there was a question as to whether coverage was in effect for Driver because the insured stated on the application that there were no other regular drivers of the vehicle but in the recorded statement the insured said Driver drove the vehicle on average three or four times a month. In that letter Reliance reserved its rights to deny coverage at some future date based on that material misrepresentation or other policy language.

4. In November, 1998, Driver told Reliance he would repair the insured vehicle himself.
5. In January, 1999, Reliance obtained Driver's driver's license number.
6. On August 12, 1999, Reliance notified the insured in writing that it was voiding the subject policy *ab initio* and would refund all premiums paid for the policy.
7. On December 20, 1999, the Office of the Insurance Commissioner ("OIC") notified Reliance that it had received a complaint from the subject insured and requested the company's response.
8. Reliance responded on January 13, 2000, explaining that it had rescinded the policy based on the above-referenced material misrepresentation, that delay in denial of coverage and rescission of the policy was due to Reliance's not receiving Driver's drivers' license information until January 21, 1999, and not obtaining confirmation from the agent that he was unaware that Driver was a regular user.
9. In early March, 2000, Reliance notified OIC and the insured that it was reversing its decision to rescind the policy and was affording coverage of the subject accident because of its delay in providing written notice of the rescission.
10. Reliance cooperated fully with OIC in resolving this matter.

CONCLUSIONS OF LAW

1. By failing to notify the insured in writing that it was denying coverage for the subject accident and rescinding the subject policy for material misrepresentation until more than 10 months after the loss, Reliance violated WAC 284-30-330(3) and (13), WAC 284-30-370, and WAC 284-30-380.

CONSENT TO ORDER

Reliance National Insurance Company hereby admits to the foregoing Findings of Fact and Conclusion of Law. Reliance National Insurance Company acknowledges its duty to comply fully with the applicable laws of the State of Washington.

1. By agreement of the parties, the OIC will impose a fine of \$5,000 on Reliance National Insurance Company.

EXECUTED and AGREED this _____ day of _____, 2000.

RELIANCE NATIONAL INSURANCE
COMPANY

Title: _____

Signed: _____

ORDER

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Five Thousand Dollars upon Reliance National Insurance Company. This fine must be paid in full within thirty days of the date of entry of this order. Failure to pay this fine shall constitute grounds for recovery of the fine, and for revocation of Reliance National Insurance Company's certificate of authority in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this _____ day of _____, 2000.

DEBORAH SENN

Insurance Commissioner

By: _____

Carol Sureau

Enforcement Attorney

Office of the Insurance Commissioner

